

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 OMB-01 EB-11 TRSE-00 FEA-02 INT-08

SCI-06 CIEP-02 SAM-01 STR-08 COME-00 DRC-01 /152 W

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R 180903Z MAR 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 9059

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 1037

BEIRUT PASS BAGHDAD AND DAMASCUS

E.O. 11652: AGDS

TAGS: PINT, KU

SUBJECT: EMERGING POWER STRUGGLE IN KUWAIT

REF: KUWAIT 0265

SUMMARY: WE RECEIVING INCREASING INDICATIONS OF POWER

STRUGGLE UNDERWAY BETWEEN GOK AND "ESTABLISHMENT" PRIVATE
BUSINESSMEN. AT STAKE ARE KEY MINISTERIAL PORTFOLIOS AND
MANAGEMENT AND OWNERSHIP OF NEW INDUSTRIAL AND FINANCIAL
COMPANIES WHICH WILL HOLD CONSIDERABLE POWER IN THE FUTURE.
EVIDENCE OF STRUGGLE INCLUDES DIFFERENCES BETWEEN MINISTRY
FINANCE & OIL AND KNPC WHICH HAVE COME TO LIGHT, REMOVAL OF
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CERTAIN INDIVIDUALS FROM POSTS IN GOVERNMENT/PRIVATE COMPANIES

AND STATEMENTS IN NATIONAL ASSEMBLY AND IN PRESS CRITICAL OF ATIQUI. NOT CLEAR HOW STRUGGLE WILL WORK ITS WAY OUT, BUT SOME KEY CHANGES OF GOK MINISTERS ARE BEING PREDICTED. AS OF NOW, AMIR AND KEY MEMBERS SABAH FAMILY MORE OR LESS ABOVE BATTLE. END SUMMARY.

1. REFTEL DESCRIBED DIFFERENCES BETWEEN KUWAIT MINISTRY FINANCE & OIL (MFO) AND KUWAIT NATIONAL PETROLEUM COMPANY (KNPC) RE MANAGEMENT OF NEW, LARGE PETROLEUM RELATED INDUSTRIES AND ACTIVITIES. RECENT DEVELOPMENTS AND CONVERSATIONS WITH SEVERAL WELL-PLACED AND KNOWLEDGEABLE AMERICANS HERE INDICATE THAT MFO/KNPC PROBLEMS ARE MERELY TIP OF ICEBERG. IN FACT THERE APPEARS TO BE MORE BASIC POWER STRUGGLE UNDERWAY WHICH IS INTENSIFIED BY FACT THAT THE PARLIAMENTARY ELECTIONS WILL BE HELD JANUARY, 1975 WHICH MAKES THIS AN ELECTION YEAR AND BY MANEUVERING AMONG KUWAITI INDIVIDUALS AND INTEREST GROUPS

TO PROFIT FROM BILLIONS OF DOLLARS WORTH OF NEW ECONOMIC ACTIVITY, PARTICULARLY INDUSTRIAL ACTIVITY, WHICH IS ABOUT TO TAKE PLACE HERE. THE ANTAGONISTS IN THIS DRAMA APPARENTLY ARE GOK ON ONE SIDE AND-ESTABLISHMENT" PRIVATE BUSINESSMEN ON THE OTHER SIDE. GOVERNMENT GROUP IS PERSONIFIED BY MINISTER FINANCE & OIL, ATIQUI, WHILE ESTABLISHMENT, WHICH INCLUDES LEADING BUSINESS FAMILIES, REPRESENTED BY KUWAIT CHAMBER OF COMMERCE, WHICH IS HEADED BY ABDULAZIZ AL-SAGER, FORMER SPEAKER NATIONAL ASSEMBLY.

2. IN ADDITION TO MFO/KNPC PROBLEMS (REFTEL) ANOTHER INDICATION OF POWER STRUGGLE IS THAT GOK CURRENTLY MOVING TO PLACE GOVERNMENT REPRESENTATIVES AS CHAIRMEN OF MIXED GOVERNMENT/ PRIVATE COMPANIES. FOR EXAMPLE "ESTABLISHMENT" BUSINESSMAN ABDULAZIZ AL-BAHAR HAS BEEN REMOVED AS CHAIRMAN OF KUWAIT FOREIGN TRADING, CONTRACTING, AND INVESTMENT CO. (KFTCIC). PERHAPS EVEN MORE SIGNIFICANTLY WE UNDERSTAND ABDULATIF AL-HAMAD'S POSITION IN KUWAIT INVESTMENT COMPANY (KIC) HAS RECENTLY BEEN WEAKENED CONSIDERABLY. (ALTHOUGH ABDULATIF AL-HAMAD'S BRILLIANCE WHICH HAS NO EQUAL HERE, WILL ALWAYS GIVE HIM TREMENDOUS INFLUENCE IN KUWAIT FINANCIAL AFFAIRS). ON OTHER HAND, THERE HAVE BEEN STATEMENTS IN NATIONAL ASSEMBLY AND ARTICLES CONFIDENTIAL

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IN NEWSPAPERS COMMENTING ON UNPOPULARITY OF ATIQUI IN NATIONAL ASSEMBLY AND REFERRING TO HIS ARROGANCE. OTHER ARTICLES ARGUE KNPC CASE VIS-A-VIS MFO.

3. NOT CLEAR HOW THIS POWER STRUGGLE WILL WORK ITS WAY OUT. HOWEVER, FOLLOWING SCENARIO HAS BEEN DESCRIBED BY SOME LOCAL OBSERVERS. ONCE PARTICIPATION AGREEMENT IS FINALLY RATIFIED, ATIQUI WILL BE KICKED UPSTAIRS AND NAMED CHAIRMAN

OF NEW UMBRELLA ENERGY COMPANY OWNED BY GOK. MINISTRY FINANCE AND OIL WILL BE SPLIT WITH ABDULATIF AL-HAMAD BECOMING MINISTER OF FINANCE AND ABDULLA AL-GHANIM, PRESENT MINISTER OF ELECTRICITY AND WATER, BECOMING MINISTER OF OIL. MAY NOT WORK OUT EXACTLY LIKE THIS, BUT THERE HAS BEEN CONTINUING PRESSURE PARTICULARLY IN AL-QABAS NEWSPAPER, WHICH REFLECTS KUWAIT CHAMBER OF COMMERCE VIEWS, TO HAVE MFO SPLIT. IN ADDITION, AL-GHANIM HAS BEEN MENTIONED FREQUENTLY RECENTLY IN CONNECTION WITH SENIOR OIL JOB. SOME OBSERVERS PREDICT AL-GHANIM, WHO IN FACT IS ASSOCIATED MORE WITH ESTABLISHMENT THAN WITH GOVERNMENT IN THIS CONTEXT, WILL RESIGN POSITION AS MINISTER ELECTRICITY AND WATER SOON.

4. ALTHOUGH GOK PRESENTLY TAKING INITIATIVE IN LIMITING POWER OF PRIVATE BUSINESS GROUPS, SEVERAL OBSERVERS, INCLUDING SOME KUWAITIS, PREDICT THAT THE ESTABLISHMENT WILL SOON MAKE ITS MOVE. IN PART, THEY WILL ATTEMPT INSTALL A STRONGER SPEAKER OF THE NATIONAL ASSEMBLY THAN PRESENT SPEAKER, AND THEY WILL SEEK REMOVAL OF ATIQA. ATIQA, HOWEVER, HAS BACKING OF AMIR AND MINISTER OF DEFENSE AND INTERIOR, SHAIKH SAAD(ALL THREE OF WHICH WERE PREVIOUSLY IN POLICE FORCE TOGETHER).

5. NOT CLEAR WHERE PRIME MINISTER/CROWN PRINCE FITS INTO THIS PICTURE. THOUGH NOT ANTI-ATIQA, NEITHER IS HE LISTED AMONG ONE OF ATIQA'S SUPPORTERS. NOR IS HE INCLUDED AS PART OF ESTABLISHMENT. IN FACT APPEARS THAT SABAH FAMILY, INCLUDING PRIME MINISTER, MORE OR LESS ABOVE THE BATTLE. THEREFORE, HOWEVER, IT IS RESOLVED, RULING FAMILY CAN BE EXPECTED TO REMAIN IN POWER. WHAT IS AT STAKE ARE KEY MINISTERIAL PORTFOLIOS AND MANAGEMENT AND OWNERSHIP OF NEW INDUSTRIAL AND FINANCIAL COMPANIES WHICH WILL HOLD CONSIDERABLE POWER IN THE FUTURE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MANAGEMENT, FOREIGN MARKETS, PETROLEUM INDUSTRY, GOVERNMENT REFORM, CABINET, COMMERCE & INDUSTRY, PUBLIC ADMINISTRATION
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT01037
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740336/aaaabhiq.tel
Line Count: 154
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: KUWAIT 0265
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2002 by rowelle0>; APPROVED <31 JAN 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMERGING POWER STRUGGLE IN KUWAIT
TAGS: PINT, KU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005